

#### DESCRIPTION

This Health In-Lieu plan ("Plan") allows eligible employees who are covered for health insurance through another group health plan a choice between selecting/continuing nontaxable health coverage under one of the City's health insurance plans, or declining/dropping the City's coverage and receiving a taxable in-lieu cash payment. The City's Health In-Lieu plan does not qualify as a group health plan for COBRA purposes.

**Effective January 1, 2020, eligible employees shall receive the following Health In-Lieu rate per pay period:**

For all employees (except employees represented by POA and IAFF, Local 230)		For all employees represented by POA and IAFF, Local 230	
If eligible for EE only coverage:	\$ 89.09	If eligible for EE only coverage:	\$ 89.09
If eligible for EE+SP/DP coverage:	\$147.87	If eligible for EE+SP/DP and/or Child(ren) coverage:	\$221.84
If eligible for EE+Child(ren) coverage:	\$129.39		
If eligible for EE+SP/DP+Child(ren):	\$221.84		

**PAYMENT/TAXES/PLAN YEAR:** Payment will be made to the employee on their regular biweekly payroll check. Payment is taxable, and subject to tax withholdings. The Plan Year on which the Plan operates (including elections and payments) is the calendar year. Payment will not be made for failure to provide acceptable proof of alternate group coverage.

**ELIGIBILITY:** Full-time and Reduced Work Week (35+ hours per week) employees, who certify that they have alternate group coverage, and provide proof of alternate group coverage which is acceptable to the City of San José, are eligible for the Plan.

Eligible employees represented by ABMEI, ALP, AEA, AMSP, CAMP, CEO, IBEW, MEF, OE#3, POA, IAFF Local 230, and Unrepresented employees who receive healthcare coverage as a dependent of another City employee or retiree are only eligible for the Single In-Lieu plan. Employees on an unpaid leave of absence are not eligible for the Plan and in-lieu payments.

**ENROLLMENT / ELECTIONS:** Eligible employees may enroll online through eWay during the annual open enrollment period (typically held the first two weeks of November). The Plan and in-lieu payments are effective on the first day of the following calendar year. New employees have 30 days from their date of hire to enroll. Employees must provide proof of alternate group coverage within 30 days of enrolling.

**Proof of alternate group coverage** is a letter from the employer of an employee's spouse/domestic partner or covered person providing the alternate group coverage or other document such as a benefits confirmation statement, which confirms that the employee and dependents are enrolled in coverage through another employer's group health plan. **Proof of alternate group coverage** must identify the subscriber and list all covered dependents, the type of coverage, and the coverage effective date. **The proof of coverage must be in effect for the plan year 1/1/20-12/31/20.**

**Proof of alternate group coverage** when you are the dependent of a covered City of San José employee (or retiree) may be completed by submitting a written or emailed correspondence verifying that you are covered as a dependent under their coverage. The correspondence must include **your full Name and Employee ID Number**, and the **covered City Employee's Name and Employee ID Number or must include the covered City Retiree's Name**.

Proof of individual coverage, or healthcare purchased on a healthcare, private or state exchange, are **NOT** acceptable proof of alternate group coverage.

Every year, enrolled employees **MUST** submit proof of alternate group coverage for the following plan year within 30 days of the annual open enrollment period. Unless informed otherwise, the City will automatically renew enrollment. Employees may apply for Health In-Lieu during the year only if they become eligible due to a change in family status, and they must apply within 30 days of the date of that change and provide proof of alternate group coverage. A change in family status is defined as follows:

- Change in marital status – marriage, divorce, or legal separation
- Change in dependent status – birth, adoption, legal guardianship, or death
- Change in work status (either employee or employee's spouse) – termination of employment, commencement of employment, or change between part-time and full-time employment

Employees may cancel enrollment during the open enrollment period only, except as noted below. Cancellation during the open enrollment period will become effective on the first day of the following calendar year. Enrollment in any of the City's plans during open enrollment shall be subject to the City's standard enrollment procedures.

**IF ALTERNATIVE COVERAGE IS LOST:** If the alternative health coverage is lost, the employee must notify the City immediately. The employee must complete and submit the required enrollment form and written verification of lost coverage from the former provider (employer, group, or insurer) within 30 days of the loss of coverage. Within this 30-day period, the employee must pay all applicable premiums and refund any excess in-lieu payments which were received to be restored to a City health insurance plan of his or her choice on the date when alternate coverage terminated. Proof of eligibility will be required for any dependent you wish to enroll who was not previously covered by a City health insurance plan.

**AMENDMENT OR TERMINATION:** The City of San José reserves the right to amend or terminate the Plan at any time, subject to applicable collective bargaining agreements.